

Thessaloniki September 26, 2023

EPSILON NET: 35% increase in Turnover in the 1st Semester of 2023
Continuous growth according to the 2023-2025 business plan

EPSILON NET Group of Companies, consistently implementing its business planning for 2023-2025, recorded **a significant increase** in its total financial figures in the 1st Semester of 2023, proving its leading position in the field of Business Software in the Greek market. The financial results confirm the Group's **strategic choices** for:

- ✓ focus on the goal of high organic growth rates based on recurring revenues and utilization of existing clientele
- ✓ continuous development of the product portfolio, specialized for each sector of business activity in order to provide an **"all in one solution"**
- ✓ implementation of a dynamic plan of targeted acquisitions, aiming at further strengthening the clientele base & penetrating vertical markets

1. KEY FINANCIAL FIGURES FOR THE PERIOD

The main financial figures of EPSILON NET Group for the 1st Half of 2023 are as follows:

Key financial data for the period 01/01/2023 – 30/06/2023

after applying accounting treatment based on the "fair value" method for Stock Options
according to IFRS 2

GROUP FINANCIAL FIGURES (in thousand €)	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022	Change
Revenue	41,619.88	30,751.93	35.34%
Earnings before Taxes	11,153,64*	4,620.00*	141.42%

*the specific figures have been determined based on the accounting treatment after applying the **"fair value" method for Stock Options according to IFRS 2**

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The corresponding financial figures of the Group (which are presented for information purposes) **without applying the "fair value" method of IFRS 2** and relate to the accounting treatment of stock options are as follows:

Key financial data for the period 01/01/2023 – 30/06/2023

without applying accounting treatment based on the "fair value" method for Stock Options
according to IFRS 2

GROUP FINANCIAL FIGURES (in thousand €)	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022	Change
Revenue	41,619.88	30,751.93	35.34%
Earnings before Taxes	12,475.92	8,593.09	45.19%

EBITDA / Adjusted EBITDA

GROUP FINANCIAL FIGURES (in thousand €)	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022	Change
Revenue	41,619.88	30,751.93	35.34%
Other Operating Income	565.35	715.08	
Total expenses before interest, taxes, depreciation and amortization	(29,341.63)	(24,697.32)	
EBITDA	12,843.61	6,769.69	89.72%
Plus, Accounting valuation for Stock Option Rights	1,322.28	3,973.09	
Adjusted EBITDA	14,165.89	10,742.78	31.86%

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Condensed Statement of Financial Position

GROUP FINANCIAL FIGURES (in thousand €)	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
Cash and Cash Equivalents	32,168.36	23,856.93
Long-Term Borrowing	11,843.37	7,425.74
Long-Term Leasing Liabilities	3,030.76	2,991.21
Short-Term Borrowing	2,189.05	10,630.56
Short-Term Leasing Liabilities	809.62	709.41
Operating Cash Flow	13,590.01	7,692.90
Net Borrowing	(14,295.56)	(2,100.02)
Equity	68,827.22	49,674.16
Total Employed Capital	54,531.66	47,574.14
Leverage Rate	(26.22%)	(4.41%)

EBITDA margin of **30.86%** (**Adjusted EBITDA** margin of **34.04%**) as well as the significant growth rate in Group's total financial figures, resulted from the strong **organic growth rate (+77%)** and the contribution of the targeted acquisitions executed by the Group and reflect the dynamics of the Group as well as the solid growth prospects of the coming years.

It is worth noting that despite the **significant acquisitions** completed during the first half of the year, with a total value of almost **€4 million** (NETERA, DIGINET LTD, OROSIMO SA) the company's **liquidity** is maintained at a **high level**, (Cash and Cash Equivalents of €32.2 million, **negative net debt of €14.3 million**). Additionally, it should be noted that the above Cash Reserves do not include an amount of €2.7 million invested in fixed-income securities.

The high level of cash ensures the smooth execution of the next strategic expansion moves, while in the specific six-month period, Net Cash Flow from Operating Activities amounted to €13.6 million. At the same time, during the 1st Semester of 2023, the Group's **Equity** was further strengthened and amounted to **€68.8 million**.

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2. APPLICATION OF THE STOCK OPTIONS FAIR VALUE METHOD ACCORDING TO IFRS 2

Group proceeded with an adjustment based on the **IFRS 2** guidelines for the **stock option** program and **retrospectively calculated** the valuation of the fair value of the stock options. The program was established for its employees and executives based on the decision of the Annual General Assembly of **30/06/2021** as it was specified by the B.o.D. decision of **23/03/2022** and then a full and detailed information was provided to the investment community. The program concerns 559 employees and executives, which do not include the CEO and main shareholder of the company.

For analytical information purposes, the corresponding figures with and without the application of the IFRS 2 Stock Option fair value method and the effect of option accounting are the following (a detailed presentation of the application of the method is included in **NOTE 15** of the Financial Statements for the 1st Semester of 2023):

Key financial data for the period 01/01/2023 – 30/06/2023

after applying accounting treatment based on the "fair value" method for Stock Options
according to IFRS 2

GROUP FINANCIAL FIGURES (in thousand €)	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022	Change
Equity	68,827.22	49,674.16	38.56%
Operating Cash Flow	13,590.01	7,692.90	76.66%
Cash and Cash Equivalents	32,168.36	23,856.93	34.84%
Earnings before Taxes	11,153.64	4,620.00	141.42%
EBITDA	12,843.61	6,769.69	89.72%

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GROUP FINANCIAL FIGURES (in thousand €)	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022	Change
Equity	68,827.22	49,674.16	38.56%
Operating Cash Flow	13,590.01	7,692.90	76.66%
Cash and Cash Equivalents	32,168.36	23,856.93	34.84%
Earnings before Taxes	12,475.92	8,593.09	45.19%
Adjusted EBITDA	14,165.89	10,742.78	31.86%

It is further clarified that:

- I. the estimated impact on the Group's respective figures for the **2nd Semester of 2023** will be **€588th.** (total for 2023 will amount to **€1,910th.**) & for the **1st Semester** of 2024 will be **€387th.**
- II. for **the coming financial years after 2024, there is no further impact** from the specific treatment resulting from the application of the fair value method to IFRS2 Stock Options.
- III. as illustrated in the tables above, the fair value valuation method for IFRS 2 stock options:
 - does not change the cash and cash equivalents of the Company & the Group
 - does not affect **operating cash flow**,
 - **does not impair any assets** of the company
 - does not increase its obligations in the slightest
 - **does not affect the Group's Equity at all**
 - does not change the operational status and course of the company

It is obvious, as confirmed in practice by the results of the first half of 2023, that the Group's upward prospects do not change in the slightest.

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3. ACQUISITIONS & GROWTH

During the 1st Semester of 2023, the Group's acquisition program continued successfully based on the goal of expanding the products and services provided. In this context, the parent company acquired a majority stake in the following companies:

- ✓ **OROSIMO PLIROFORIKI S.A.** (implementation of complex ICT projects and installation of ERP, CRM, Supply Chain Management with emphasis on industrial business, Logistics and transport sector in Greece & the Balkan Market)
- ✓ **NETERA** (development and provision of specialized IT web solutions for businesses in **the hospitality sector** through the use of cloud technologies)
- ✓ **DIGINET LTD.**, (development, distribution and technical support of modern **tax systems and cashier machines** and specialized technology products and solutions as a Technology Distributor).

It is also worth noting that during the period **July – September** of the current financial year, the following 3 business transactions were successfully completed by the parent company of the Group:

- ✓ Acquisition of **60%** of the shares of **SCAN INFORMATION SYSTEMS** (SCAN SA), which is active in the field of providing technology systems and specialized business solutions for access control and personnel monitoring
- ✓ A total of 8,750 shares were acquired by the minority shareholders of **EPSILON HR S.A.** corresponding to **35%** of the total shares and now parent company holds 100% of the company
- ✓ The minority stake of 39.97% held by SPACE HELLAS S.A. in the Group's subsidiary, **Epsilon SingularLogic S.A.**, was acquired and now parent company holds **99.97%**

The acquisitions of minority stakes (in the current period of digital transformation of businesses and the initial phase of implementation of the strategic partnership with NBG) were extremely important business transactions as they ensure the **acquisition of the absolute majority** in the two of the Group's key subsidiaries, and significantly increase the value of the Group.

4. IMPLEMENTATION OF STRATEGIC PLANNING – LEVERAGE TOOLS

The significant increase in consolidated sales by 35% in the 1st Semester of 2023, was the result of the business planning developed by the Group in all business sectors in Greece and gradually abroad. Sales expansion for 2023 and 2024 is expected to be supported by:

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- ✓ **the evolution of the portfolio of products and services** in the fields of Business Software, eCommerce and Fintech (in collaboration with NBG)
- ✓ strengthening the integrated value-added ecosystem and providing an **"all in one solution"** for end customers
- ✓ the promotion of the **Digital Work Card system** and the mandatory interconnection with the ERGANI II information system
- ✓ the mandatory interconnection of POS with invoicing software and the extension of Electronic Invoicing to public suppliers
- ✓ the continuous increase of **"final revenue per customer"**
- ✓ the gradual expansion of operations abroad (Cyprus & Romania)

Group estimates that investments by Greek businesses in the field of digital transformation are expected to intensify due to the provision of incentives through the financial programs of the RECOVERY FUND and the new NSRF 2021-2027. More specifically, the Group's sales teams and the Network resellers are expected to:

- contribute to the utilization of the **3 Actions of the DIGITAL TRANSFORMATION** of the new NSRF (which started accepting applications from 15/02/2023 with new grants of 300 million euros)
- further utilize the grants (through vouchers) of the expected second cycle of the Recovery Fund's **DIGITAL TOOLS** program (amounting to €40-50 million)
- leverage the grants (through vouchers) of the Recovery Fund's DIGITAL AID program (for the modernization of retail invoicing, EFT/POS interconnection and invoicing systems for cars with total grants (amounting to €160 million)
- utilize **the specific financing tools** of the banking sector and especially those of the Hellenic Development Bank

Group's Management estimates, based on the positive results of the 1st Semester of 2023, the expected benefits from the **strategic partnership with NBG** and the dynamic acquisition program, that the consistent implementation of the business plan for the period 2023-2025 will enable the Group to further grow in Greece and abroad. With responsibility and hard effort, we shape daily the conditions for the unhindered achievement of our goals.





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Mr. Ioannis Michos, Chairman & CEO of EPSILON NET, commenting on the results, made the following statement: *"I am particularly satisfied with the strong results of the first half of the year, where we achieved a **solid increase in our sales as well as in EBITDA margin. Following the strategic partnership with National Bank, 2023 is an important year for the foundation of the Group's new cycle of expansion and next strategic steps. A significant investment plan is in progress and after a rapid course of growth over the last three years, with over 20 acquisitions, valued more than €35 million that were financed exclusively through our profitability**, we are ready to **take the appropriate actions** in order to strengthen the proper level of organization and operation of our Group, which **will upgrade our overall efficiency** and help us focus on implementing our business plan, with the ultimate goal of doubling the Group's total sales in 2025 compared to 2022 sales & reaching €150 million, while achieving high profitability, with EBITDA margin moving above 30%. The management's strategic goal remains the continuous creation of value for our shareholders, partners and staff as the largest **Business Software & Technology Solutions Group** in Greece."*

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